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SUBJECT: TRIPARTITE DIALOGUE RESULTS IN AGREEMENT TO IMPROVE LABOR
CONDITIONS IN SUGARCANE INDUSTRY

1. (U) SUMMARY: Responding to international concerns over poor working conditions and forced labor in the sugarcane sector, Brazil's President Lula signed on June 25, 2009, the National Commitment to Improve Labor Conditions in Sugarcane Activity. A tripartite dialogue between organizations representing businessmen, workers and the Federal Government of Brazil developed the Commitment during a year of negotiations led by the Secretary General of the Presidency, Luiz Dulci. This is the first nationwide labor accord with the entire sugarcane sector, and is particularly relevant to Brazil's interest in increasing international investment in its sugarcane ethanol production. However, without significant funding and action by the GOB, implementation of the National Commitment throughout the country depends considerably upon efforts of the private sector companies involved. END SUMMARY.

Terms of Commitment

2. (U) The National Commitment addresses business practices and public policies aimed at improving labor conditions in the cultivation of sugarcane. The Commitment requires mills to engage in direct hiring of workers for manual planting and harvesting of sugarcane, thus eliminating irregular intermediaries. Mills are also obliged to ensure transparency in measuring and paying for worker production, providing support and transportation for migrants hired from other regions, enhancing labor health and safety, strengthening unions and collective bargaining practices, and disclosing good business practices to sugarcane suppliers. The Federal Government is committed to encouraging actions that ensure adequacy of Personal Protective Equipment (EPI) used by workers, improving the Public Employment System's services in hiring workers, advancing literacy and workers' schooling, promoting qualification and requalification of workers, and strengthening services in regions prone to immigration for seasonal work.

3. (U) Adherence by the sugar and ethanol companies to the Commitment is voluntary. Companies that sign are subject to inspections by the National Commission for Dialogue and Evaluation, which is composed of the Commitment's signatories. The National Commission is responsible for creating a system of evaluation and recognition for companies that carry out the Commitment's good business practices, establishing criteria for implementation and evaluation, and discussing the Commitment's revision after its two-year validity. According to Marcos Sawaya Jank, President and CEO of the Brazilian Sugarcane Industry Association (UNICA), the National Commission has met twice and agreed that mills will have one year from the time they sign the Commitment to comply with its mandates; those mills found in compliance with the Commitment's requirements at the time of inspection will receive a 'conformity certificate.' Jank added that the third meeting of the National Commission will define procedures for mills that do not comply with the Commitment.

Hitting the Ground Running?

4. (U) Marcos Sawaya Jank reported that in the beginning of June

2009, UNICA, the Federation of Waged Rural Employees in the State of Sao Paulo (FERAESP), Syngenta, John Deere and Case New Holland, with support from the Inter-American Development Bank (IDB), launched the largest retraining and requalification program for the sugar-energy industry in the world. Jank told pol assistant that more than 7,000 workers in six sugarcane regions in Sao Paulo will benefit from the program each year. 4,000 manual laborers will be retrained for jobs in the sugarcane sector, such as specialized driving, operating tractors, and mechanical and electrical operations. The other 3,000 will be trained to work outside the sector in jobs such as reforestation, construction and tourism. Jank also commented that training will be specific to each region, allowing individuals in the unions to identify the courses they need. Jank stated that the training will be paid for by the mills and UNICA, with likely support from an IDB grant. In an article that appeared in "O Estado de S. Paulo" on June 25, 2009, Jank wrote, "These are groundbreaking advances which will have a far-reaching effect and should be recognized as historic steps in the direction of a better future." Jank told pol assistant that over 80 percent of Brazilian companies involved in sugarcane production have already agreed to the Commitment, accounting for approximately 90 percent of sugarcane production in Brazil. Although Jank remained optimistic about the Federal Government's involvement, he noted that the GOB has not implemented any policies or projects, nor directed any funds for the Commitment.

15. (U) Geraldo Melo Correa, Special Assistant to the Secretary General of the President of the Republic, commented that the programs necessary for the Federal Government to meet its responsibilities already exist, but that the companies in the sugarcane industry need to implement good business practices to comply with the National Commitment. Correa stated that although the

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mechanization process is necessary for the expansion of Brazil's sugar-based ethanol industry, it is also leading to the loss of jobs for sugarcane workers: one machine provides as much labor as 100 sugarcane workers. In Correa's opinion, the Commitment will play a vital role in helping laid-off workers find new jobs.

16. (SBU) Despite the positive remarks and press highlighting the Commitment's achievements, skeptics remain. Dr. Otavio Brito Lopes (protect), Prosecutor General of Labor, told pol assistant that he believes the National Commitment will not bring about true changes in labor conditions within the sugarcane sector.

17. (SBU) Comment: UNICA is clearly invested in improving business practices in the sugarcane sector and has taken concrete actions, but the degree to which the Federal Government will actively advance the plan is not yet clear. UNICA has undertaken similar creative initiatives in the past to address negative perceptions of the industry. UNICA is best positioned to effect the implementation of the Commitment in the State of Sao Paulo, where most of its members are located, but success in other areas may rely more heavily on the GOB taking an active role. Given the GOB's tendency to announce high-profile programs with little funding or delayed follow-up, an active role for the GOB is less than a certainty. Nevertheless, the program's rollout demonstrates that international pressure regarding labor conditions in the sugar industry is having an effect on Brazilian government and business. Businesses recognize that improving labor conditions is beneficial to their bottom line, and the government is realizing that the issues must be dealt with to protect its reputation and the future of Brazilian industry.

KUBISKE